

DATE: January 27, 2021
TO: Mayor and City Council
FROM: Planning Director
SUBJECT: Sugar Hill Housing Study



DISCUSSION

- To understand the dynamics associated with the housing market in Sugar Hill the city conducted a comprehensive study in 2016. We named this study Home for Life in recognition of the need to provide a housing framework which provides options at all life stages and would continue to elevate the quality of life for all Sugar Hill residents.
- Many of the findings and trends from that original study remain relevant today but there are sharp changes in demographics, economic conditions and real estate trends over the last few years and months.
- In September of 2020, the city contracted with KB Advisory Group (KBAG), formerly Bleakly Advisor Group, to conduct a recalibration of key demographics and market data. KBAG utilized their extensive experience in our market, their technical expertise on economy and housing as well as targeted public involvement to update the data and recommendations associated with our current housing strategy.
- National and regional economies have changed, primarily due to the 2008 housing dilemma, resulting in changes in how households spend, save, and contribute to household expenses.
- As the demographics of Sugar Hill change due to population growth, increase in aging populations, and attraction of young professionals, housing types should be available to anticipate those changes.
- Low supply as well as increasing land and development costs continue to keep price growth steep. This reinforces the need for us to be more efficient with our land and development infrastructure so that we can preserve our existing community character while adding new supply to the housing market to help avoid pricing out aging seniors as well as smaller and younger households.

Purpose of this Analysis

The City of Sugar Hill, GA engaged Bleakly Advisory Groups, Inc. (BAG) to conduct a Citywide Housing Study and Needs Analysis in the fall of 2020.

The assessment provides the City of Sugar Hill with a perspective on how current and future residential market trends will impact the city over the coming years. The research, analysis, and conclusions provide vital inputs for making future land use, planning, and real estate development policy decisions—specifically, the city’s future housing needs across various home types, orientations, and target markets.

This Citywide Housing Study and Needs Analysis focuses on assessing the current housing inventory across several dimensions—owner vs. renter, attached vs. detached, etc., and determines the range of housing options needed in the future for the downtown district.

This report was prepared by Bleakly Advisory Group, Inc. on behalf of the City of Sugar Hill, GA. Bleakly Advisory Group President Geoff Koski directed and Consultant Alex Seidenberg managed the engagement.

The following report highlights the research, analysis, and conclusions of Bleakly’s Sugar Hill Citywide Housing Study and Needs Analysis.

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executive summary



Overview

Like many cities regionwide, the City of Sugar Hill faces a distinct set of challenges related to the future of housing.

- National and regional economies have shifted dramatically, mostly shaken up by the 2008 housing crisis, leading to significant shifts in household economics, savings, and housing finance.
- Consumer preferences have shifted, and large segments of the home-buying and home-renting market are looking for different home types than demonstrated previously.
- Regional demographic trends suggest shifts in the housing and lifestyle preferences of households and individuals.

These trends and factors create a new reality in Sugar Hill's housing market, with a different demand from even the past 20 years.

Key Findings: Demand Drivers

- Sugar Hill already has the distinction of being one of the fastest-growing communities in the Atlanta metro area due to the city's desirable combination of location and assets.
- Shifting regional and local trends have resulted in older, smaller households and a host of different housing needs.
- There are more rental households in Sugar Hill today than there were 10 years ago – with those renters choosing to rent for lifestyle preferences rather than out of necessity.
- A majority of households in Sugar Hill are made up of middle-aged householders or seniors.
- Middle-aged and senior households simultaneously make up most of the highest income and lowest-income households, although there are far more high-income households in Sugar Hill.
- Relative to other communities in Gwinnett County and the Atlanta metro, Sugar Hill remains relatively affordable. However, there is still an abundance of opportunities to provide lower-income households with housing options.

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Key Findings: Housing Supply

- The price of new detached single-family homes in Sugar Hill has increased dramatically since 2014. Since 2014, the average new detached single-family home has increased by over \$122,000.
- Sugar Hill's rental inventory has more than doubled within the last five years, mostly due to Sugar Hill's low baseline of actual multifamily apartments along with the development of larger town center apartment units.
- More market-rate apartment units in the development pipeline will continue to increase rental inventory growth. The increased delivery of market-rate units and economic growth have resulted in steadily increased rents since 2010.
- The scarcity of readily developable land will continue to provide upward pressure on housing prices.



The Broadstone Sugar Hill

Key Findings: Housing Demand

Demand will be distributed among households of different ages, different incomes, and other housing tenure preferences.

- Sugar Hill's current housing supply trends correlate roughly with current demand; however, housing units' quantity and distribution will need to increase and vary to keep pace with future demand.
- Sugar Hill's housing market is primarily made up of large-lot single-family homes that are increasing rapidly in price, and this can leave other housing demand sectors unmet.
- Survey responses and stakeholder interviews suggest that there would be strong market demand for a diverse selection of housing types that are either currently offered in a limited capacity or not offered at all in Sugar Hill's housing market.
- Single-family homes will likely continue to be popular and should continue to be built to meet demand. However, other housing types should be allowed and encouraged where appropriate.
- As Sugar Hill's population and demand grow, the supply of housing accessible to moderate-income and lower-income households will become scarcer.